



# World, Transformed

Megatrends and their implications for travel and tourism

January 23, 2019

**Bloomberg Media Group**

WORLD  
TRAVEL &  
TOURISM  
COUNCIL

# Our intelligence, strategy and creative competencies were key cornerstones of our partnership and process



Proprietary Data from  
Bloomberg Terminal



Market Leading Intelligence through  
World's Leading Analysts



Proprietary Tools & Studies of  
Influential Audiences



Media Marketplace Analysis  
Via Homegrown AIQ

## Bloomberg's Proprietary Intelligence

Global forces are converging to create unprecedented change across all facets of today's world



# We have seen these macro shifts create both opportunities and constraints within the travel and tourism industry

## New markets

Rapid growth in outbound Chinese tourism  
—and only 5% have passports



Source: Bloomberg

## New competitors

Mainstreaming of unconventional  
business models



onefinestay

**\$90B**

Online alternative  
accommodation market  
(30% CAGR)

Source: Bloomberg

## New business models

Flurry of hospitality M&A



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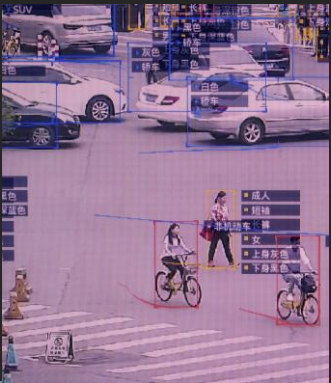
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# Organizations that aspire to be on the frontlines of these shifts, must understand the underlying megatrends shaping the future

Reality, Enhanced



Life, Restructured



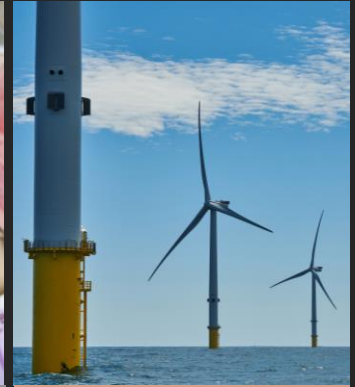
Data, Revolutionized



Power, Redistributed



Consumption, Reimagined



## Megatrends



# Reality, Enhanced

New ideas and beliefs are emerging about how best to live a connected life.

“Disruption” is ceasing to be the holy grail of what technology can offer.

Rather, individuals, communities and organizations are looking to technology to enhance human nature and analogue experiences.

# Reality, Enhanced

Growth in the “Experience Economy” is driven by demand for “IRL” experiences.

\$8.2T

forecasted global expenditure on the “Experience Economy” by 2028

55%

of US Millennials report spending more on live events and experiences than they were previously

>77%

of US Millennials say that live experiences create irreplaceable memories and make them feel more connected to family and friends

## Global phenomenon

The Middle East and North Africa are the fastest growing markets for the soon-to-be **\$60.5B** theme park industry

Sources: Eventbrite and Harris Group, Financial Review

Half of “Experience Economy” spending will be directed at physical and mental wellness.



**\$1.08T**  
Personal care, beauty, & anti-aging



**\$639B**  
Wellness tourism



**\$48B**  
Workplace wellness

\$4.2T

Global Wellness Economy



**\$702B**  
Healthy eating, nutrition, & weight loss



**\$119B**  
Spa economy



**\$119B**  
Preventative & personalized medicine and public health



**\$595B**  
Fitness & mind-body



**\$134B**  
Wellness real estate

Source: Global Wellness Institute

Individuals are limiting screen time in an effort to be more present in their day-to-day lives.

70%

of internet users ages 16-64 in the U.S. and UK have made deliberate efforts to limit their digital consumption

Source: Global Web Index



# Life, Restructured

Traditional boundaries  
between work and  
leisure are breaking  
down.

New technologies and  
business models are  
removing the barriers  
to mobility.

**As a result, individuals  
will continue to free  
themselves from legacy  
paradigms and design  
new lifestyles that  
reflect their integrated  
priorities and  
aspirations.**



# Life, Restructured

**Purpose and self-determination drive priorities and spending among both Baby Boomers and Millennials.**

## Affluent Baby Boomers

Age 40+

58%

Value time more than money

67%

Seek personal fulfillment as a means to success

64%

Value intangibles over material possessions

## Affluent Millennials

Age 18 - 39

63%

58%

74%

Source: Bloomberg Media High Net Worth Study

**Growth of independent workforce will challenge traditional employment.**

25%

of workers in the US and EU engage in independent work (whether as their primary or supplementary source of income)

50%

of the workforce in the US will be freelance by 2027

Source: McKinsey Global Institute

**Both the Sharing Economy and Gig Economy define a new era of enterprise.**

## Peer-to-Peer Marketplaces



## Rental Businesses



## Support for the Independent Worker



60%

of tech companies expected to IPO in 2019 employ one of these business models – and their average valuation is 1.5x higher than those with more traditional business models

Source: Bloomberg Intelligence

# Data, Revolutionized

Data and machine learning will drive a new frontier of innovation, unleashing groundbreaking functionality and insights.

At the same time, however, these innovations will make individuals and organizations vulnerable and exposed.

As data becomes increasingly important for competitive advantage, organizations will be challenged to navigate new opportunities and liabilities.

# Data, Revolutionized

Volume and quality of data is increasing exponentially; with the rise of machine learning, the value of data will increase, too.

180ZB

of data will be generated by 2025, more than 3x the current volume

90%

of this will be unstructured data—text, images and audio

\$57B

will be spent on AI by 2021, enabling businesses and organizations to unlock more value out of unstructured data

Sources: International Data Corporation, Forbes

Data is emerging as a driver of economic growth and competitive advantage.

AI expected to contribute **\$15.7 trillion** to the global economy

Use of big data and analytics in competitive industries is correlated with a 6% increase in business performance

Jobs that use big data skills are set to rise by **75%** in coming years

Sources: Bloomberg Intelligence, PWC

Consumers will continue to enable this as their concerns about privacy will be eclipsed by their desire for data-driven functionality.

Privacy

33%

of consumers say they would like to wear glasses that make it impossible for facial recognition software in their smartphone or social networks to recognize them

VS

Functionality

57%

of consumers are willing to share personal data in exchange for personalized offers or discounts

40%

of those who currently use intelligent voice assistants say they would want to use AI to automate their email replies

Sources: Salesforce, Ericsson

# Power, Redistributed

Technology, globalization and population growth will continue to redistribute power geographically, socially and economically.

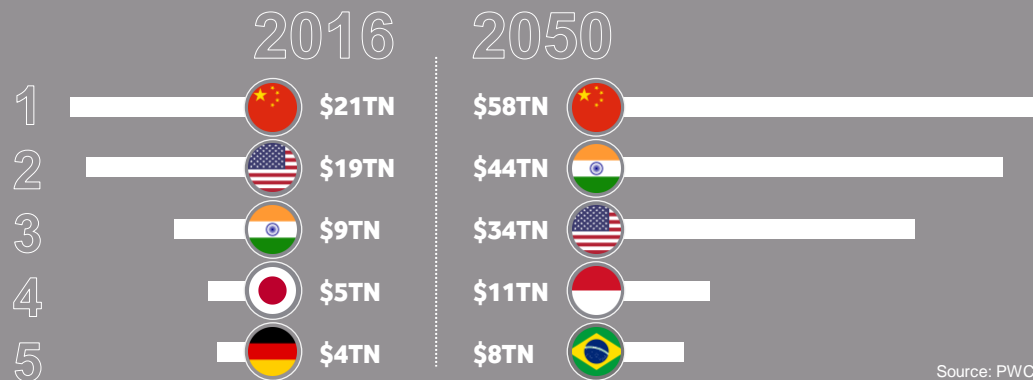
Dynamics between nations, organizations and individuals will be recalibrated, creating opportunities for some and challenges for others.

The result will be the emergence of new markets and economic powers, on one hand, and new political tensions and social contracts, on the other.



# Power, Redistributed

Emerging markets will become the new leaders of the global economy.



The rise of social media and grass roots movements continue to shift power dynamics to favor the individual.

14M 

#MeToo Tweets

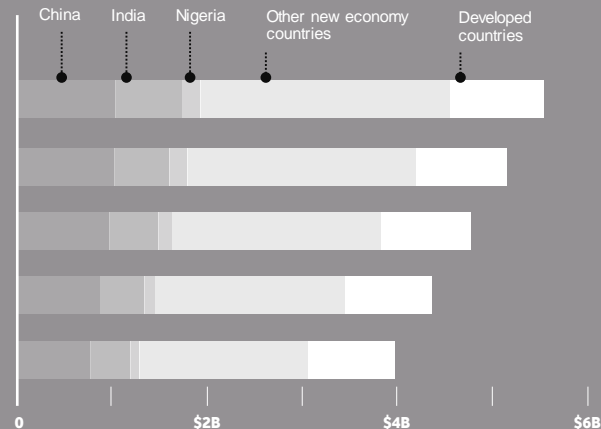
200+ 

corporations impacted by financial or reputational damage

Source: Bloomberg.com

Increased population growth and urbanization will give rise to new centers of wealth and culture.

5.6B People living in cities by 2035



Source: Bloomberg

# Consumption, Reimagined

Environmental threats and challenges are intensifying and no one is spared.

The durability of existing business models is called into question, with the private sector facing increased scrutiny and pressure to act.

**Despite increased accountability, individuals and organizations are struggling to balance long-term sustainability with short-term priorities.**

# Consumption, Reimagined

**Environmental threats will accelerate exponentially as the population grows.**



By 2050 the global population will exceed 9.7B and consumption of natural resources will triple



Global demand for water will increase 40% by 2030



Incidence of natural disasters have increased rapidly from 78 in 1970 to 335 in 2017

Sources: BBC, Centre for Research on the Epidemiology of Disasters

**Business practices will change, as companies are forced to consider their impacts in a larger social context.**

31%

more CEOs name climate change as a top ten business concern this year than one year ago

\$900B

in savings are expected across mining and other industries as innovations make resource extraction more efficient

Sources: PWC, McKinsey Global Institute

**Affordability will drive innovation in sustainable consumer products, as price remains the primary barrier to responsible consumption.**

**Attitudes**

30-50%

of consumers across markets say they would pay more for sustainable products

VS

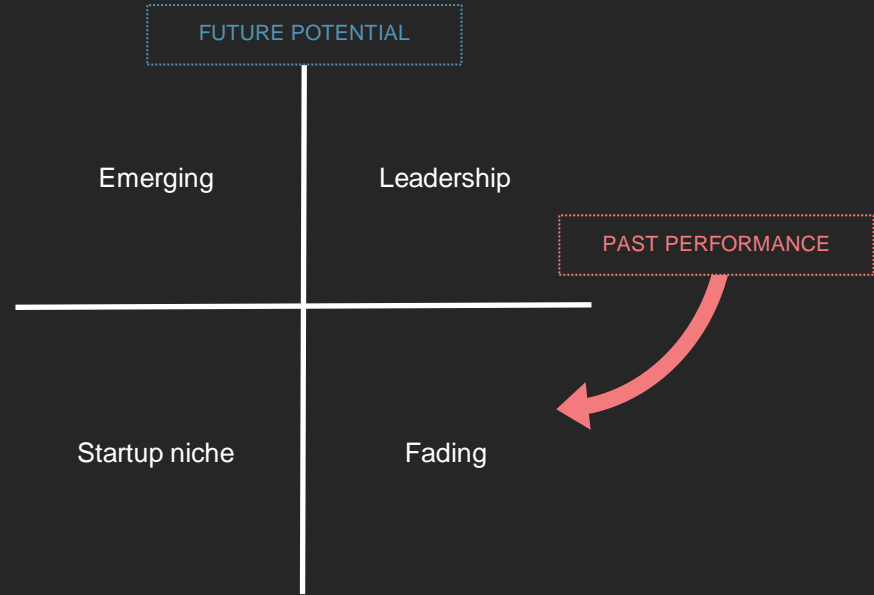
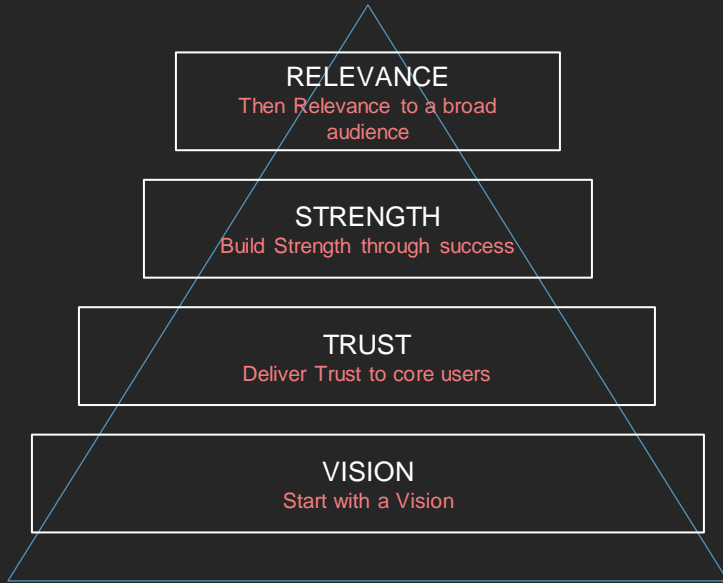
**Behaviors**

<5%

Share of sustainable products across markets

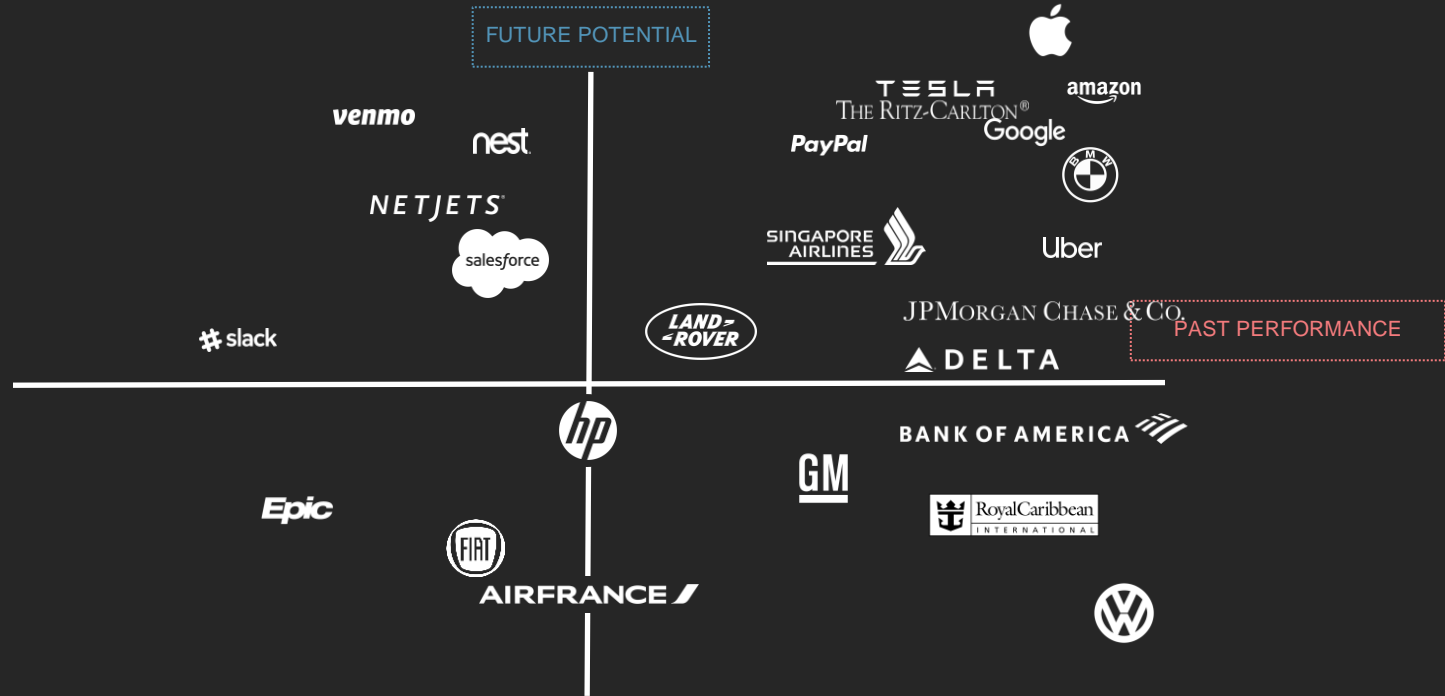
Sources: International Centre for Sustainable Development

# Having a Vision, enables businesses to stay ahead and respond to these shifts in an authentic way





# Winning brands reposition and innovate to stay relevant and drive affinity



# Key takeaways

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## Reality, Enhanced

Go beyond your core offering to ensure you have products and services that deliver personal betterment and unlock new ways of experiencing the world.

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## Life, Restructured

Rethink accepted constructs around business and leisure, and create offerings that address the travelers' full range of integrated needs, behaviors and aspirations.

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## Data, Revolutionized

Make data count with a reward that far outweighs the risk. Leverage emerging innovations in big data, machine learning and IoT to deliver extraordinary functionality and a frictionless, personal customer experience.

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## Power, Redistributed

Future proof your business by creating offerings tailored to the behaviors—and underlying needs, motivations and challenges—of the middle class emerging in China, India and beyond.

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## Consumption, Reimagined

Ensure that sustainability is not merely a marketing tactic but that it is core to your growth strategy and vision. Consumers are demanding it and long-term success depends on it.

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**Thank you**